



COMMISSION NEWS

ARIZONA CORPORATION COMMISSION, 1200 W. WASHINGTON, PHOENIX, AZ 85007

TO: EDITORS, NEWS DIRECTORS
FOR: IMMEDIATE RELEASE

DATE: October 24, 2002
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COMMISSION HALTS FOREIGN CURRENCY TRADING OPERATION

PHOENIX – Today the Arizona Corporation Commission ordered a Fountain Hills company and its president to stop selling unregistered foreign currency trading contracts and return over \$1.2 million to investors, plus interest.

According to the complaint, Bamex International, Ltd., and its president, 41-year-old Brian Bamman, had been soliciting investors for three years to buy unregistered foreign currency contracts, which is a violation of the state's securities laws. The Commission also ordered the Mr. Bamman and his company to pay a penalty of \$35,000. The restitution figure of over \$1.2 million represents the amount of money the investors lost through Bamman's program. Interest is also due in the amount of 10 percent from the date of the investment.

The Commission found that Bamex informed investors their risk would be limited as a result of conservative trading strategies with an expected annual return of 72 to 84 percent. Investors were not told, however, that Bamman had previously been sanctioned for fraud by the National Futures Association. Twenty-two investors from Arizona and across the nation invested over \$3 million with Bamex, some of whom had very limited assets that were ultimately lost as a result of trading through the company.

"Trading in the foreign exchange markets is extremely risky, much the same way that futures and options trading carries a high level of risk," Commission Chairman Bill Mundell explains. "Even minor adverse moves in currency prices can result in huge losses."

Commissioner Jim Irvin believes that Bamman's investment program had all the hallmarks of a high-risk scheme. "The very type of investment was risky, the scheme promised extraordinarily high returns,

Bamman had been sanctioned for fraud and the investments were never registered with the Securities Division of the Arizona Corporation Commission,” Irvin said.

“According to our investigation, Bamman touted his programs through investment seminars and websites,” Commissioner Marc Spitzer explained. “Novice investors or people with limited assets need to be especially vigilant – they need to understand what they’re investing in and should be especially cautious when someone promotes an investment trading program at seminars or through websites. Yes, seminars and websites are used by legitimate businesses, but they’re also tools used by promoters who want to recruit a lot of investors quickly – and the pitches can sometimes seem very compelling.”

The foreign currency or “forex” market is a cash inter-bank or inter-dealer market established in 1971 when floating exchange rates began to materialize. This market handles transactions that convert one country’s currency to another. Participants in the market consist of central and commercial banks, other financial institutions and traders.

Unlike traditional markets, trading activity does not occur at a centralized location. Instead, trading occurs over the telephone and through computer terminals at hundreds of locations worldwide similar to NASDAQ. Forex transactions are made to either deliver foreign currency or for speculative or investment purposes where delivery of currency is never contemplated.

The Securities Act of Arizona requires that promoters of investment programs involving forex transactions must be registered with the Securities Division. Prior to investing, people should verify registration of sellers and investment opportunities by contacting the Arizona Corporation Commission’s Securities Division at 602-542-4242, toll free outside the Phoenix metropolitan area at 1-877-811-3878. The Division’s website also has helpful information for investors: www.ccsd.cc.state.az.us.

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